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SUBJECT: NEW GOA INVESTMENT PROMOTION AGENCY TO FOCUS ON HIGH TECH
AND CREATIVE CONTENT SECTORS

REF: Buenos Aires 750

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internet distribution.

Summary

¶1. (SBU) Beatriz Nofal, head of the GoA's recently established investment promotion agency, Prosper-Ar, will focus her organization's efforts on attracting investment in the high tech and creative content sectors. In a May 18 meeting with Ambassador, Nofal said she would also like to become involved in the dialogue on Argentine participation in a regional bio-fuels initiatives. She called Argentina's "off-cover" OECD credit rating an impediment to new foreign investment and agreed that regularizing Paris Club arrears would go a long way to improving that rating and Argentina's ability to access G-8 official export credits. Ambassador presented Nofal an invitation letter to attend the DoC-sponsored Americas Competitiveness Forum in Atlanta June 10-12, noting that Economy Minister Miceli, Planning Minister De Vido and Cordoba province governor De La Sota had already accepted invitations. Nofal noted that near term plans to visit Spain, Italy and France may make it difficult for her to accept. With substantial prior government service, Nofal has been mooted as an Economy Minister candidate in a possible Christina Kirchner government. Given Prosper-Ar's focus on the high tech and creative content sector, Post will explore the possibility of engaging Nofal as a senior level GoA interlocutor to address U.S. pharmaceutical IPR concerns. End Summary

Argentina's New Investment Promotion Agency

12. (SBU) Ambassador met May 18 with Beatriz Nofal, the Secretary-level head of the GoA's new investment promotion agency,

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Prosper-Ar (Agencia Nacional de Desarrollo de Inversiones). Prosper-Ar remains in a start-up mode, Nofal said, with only five professionals on staff and a move into permanent office space scheduled for June. While getting her Prosper-Ar office fully staffed and on its feet remains Nofal's first priority, she said the Foreign Ministry has been pushing her to travel extensively to promote Argentina as an attractive destination for investment. Nofal noted she has already planned trips to Spain, Italy and France in the next few months.

13. (SBU) Prosper-Ar will focus on attracting investment in the high tech and creative content sectors, given Argentina's highly educated and internationally competitive skilled workforce. She noted that American Chamber of Commerce Executive Directors have encouraged her efforts and listed a number of significant recent investments by major U.S. players in Argentina, including Google (opening a regional hub office in Buenos Aires); JPMorgan Chase (recently opened a financial research hub here); and call center major Teletech (currently with 3,600 employees in Buenos Aires and, according to Nofal, plans to expand to the 10,000 level). Nofal said that Prosper-Ar would also like to become involved in the dialogue on Argentine participation in regional bio-fuels initiatives.

OECD Credit Rating Concern

14. (SBU) In the OECD's export credit agency rating scheme, Argentina is currently rated in the lowest category, Nofal said, effectively

putting Argentina "off-cover" for all major G8 export credit agencies and investment promotion financing agencies. Nofal said she had highlighted this with Foreign Minister Taiana as an impediment to new foreign investment. Ambassador suggested that regularizing Argentina's Paris Club arrears would go a long way to improving the nation's OECD credit rating and ability to access G8 official export credits. Nofal agreed.

15. (SBU) In a follow-on conversation with EconCouns, she cited the recent case of the GoA's call for international bids to construct a high speed 700 km rail link in stages from Buenos Aires through Rosario to Cordoba. While four European firms originally presented themselves as bidders in 2006 (France's Alstom, Germany's Siemens, Spain's CAF, and Italy's Impregilo) on this \$1 billion-plus project, ultimately only France's Alstom (in a consortia, Veloxia, with local partners Iecsa, Emepa and Isolux Corsan) made a final proposal in 2007. Nofal said that, while a "normal" bid of this type and magnitude would be largely underwritten by official export credit agencies (ECAs), the Veloxia group's financing proposal was entirely underwritten by France's Societe General at rates substantially higher than ECAs would normally charge. (Note: Local media has reported that GoA Finance Secretary Chodos called the conditions proposed by Societe General "unacceptable." It is not clear whether Chodos was referring to security conditionality or to pricing. End Note.)

Atlanta Competitiveness Forum

16. (SBU) Ambassador presented Nofal an invitation letter to attend the DoC-sponsored Americas Competitiveness Forum in Atlanta June 10-12, noting that Economy Minister Miceli, Planning Minister De Vido and Cordoba province Governor De La Sota had already accepted invitations. Nofal accepted, contingent on her being able to re-arrange upcoming travel plans to Europe. (Note: In a follow-on telecom with EconCouns, Nofal said it was unlikely she would be able to attend due to conflicting European travel and family obligations. End Note.) She suggested inviting a number of high-energy private sector Argentine entrepreneurs, including Fernando Oris de Roa of Sociedad Anonima San Miguel; Mariano Nejamkis, Presidente of Deremate.com (Argentina's E-Bay equivalent); and Daniel Van Pierde,

President of Quimica Estrella S.A.

World Economic Forum (WEF) Santiago

¶17. (SBU) Nofal noted her April 2007 participation in the WEF's regional Santiago conference, where she participated in a panel on improving competitiveness and the investment climate in Latin America. She said she thoroughly enjoyed herself in Santiago and felt she had effectively rebutted a WEF report released during the conference that showed Argentina trailing in regional investment. Nofal said she had been "ambushed" at the WEF conference by a journalist who took out of context her statement that Paris Club and bond holdout matters would be only dealt with after upcoming October 2007 elections.

Comment

¶18. (SBU) With a doctorate from Johns Hopkins and with prior service in the GoA Economy Ministry and in parliament, Nofal has been mooted as a possible Economy Minister candidate in a Christina Kirchner government. Her frictions with current Economy Minister Miceli have also been widely reported in the media.

¶19. (SBU) Given Prosper-Ar's focus on the high tech and creative content sector, Post will explore the possibility of engaging Nofal as a senior level interlocutor to encourage the GoA to engage on U.S. pharmaceutical investor IPR concerns. During the April 10 roundtable with U.S. pharmaceutical firms (Reftel), company managers argued that the strongest leverage they may have to push for improved GoA enforcement of pharmaceutical patents was the increasing volume of clinical research they conduct here with the support of highly trained and qualified Argentine scientists and technicians.

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